

# **Exhibit W**

Sustainability Report 2006



**About this report** In BP we define 'sustainability' as the capacity to endure as a group: by renewing assets; creating and delivering better products and services that meet the evolving needs of society; attracting successive generations of employees; contributing to a sustainable environment; and retaining the trust and support of our customers, shareholders and the communities in which we operate.

Each year we aim to improve our sustainability reporting to reflect the concerns of our readers more closely and the priorities of the business more clearly.

This year, BP's performance on key sustainability issues related to our operations has been under intense scrutiny from governments, investors, civil society and the media. Our intention in producing this report has been to provide a clear and concise account of these issues and how we are responding to them. To achieve this, we have produced a shorter, more focused printed report, with heavier weighting to the chapter on responsible operations.

The printed report covers the issues that we have identified as most important for our audiences, while our online reporting covers a wider set of issues and reports on them in more depth.

#### A message from Ernst & Young

We have reviewed the contents of *BP Sustainability Report 2006* to provide assurance on the information reported. This work included testing relevant management information, interviewing BP management, reviewing external media sources and visiting a sample of locations. Our conclusions, which can be found on pages 46-47, have been prepared against the main principles of the AA1000 Assurance Standard: materiality, completeness and responsiveness. Several of our specific observations have also been included on relevant pages of this report.

A glossary of key terms and acronyms used in this report appears on page 48.

BP p.l.c. is the parent company of the BP group of companies. Unless otherwise stated, the text does not distinguish between the activities and operations of the parent company and those of its subsidiaries.

#### Cautionary statement

*BP Sustainability Report 2006* contains certain forward-looking statements, particularly those relating to investments in US refineries, integrity management spending in Alaska, implementation and completion of certain safety and environmental-related measures, investments in alternative energy and local expenditure in Azerbaijan. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements depending on a variety of factors including future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this document and in *BP Annual Report and Accounts 2006*.

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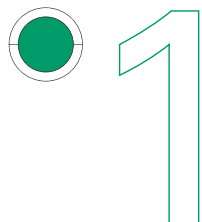
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# Responsible operations



BP operations  
in Oklahoma, US

## BP AND SAFETY – OUR JOURNEY

**1997** BP establishes HSE framework – getting HSE right

**1999-2005** Decline in BP's injury rates – injury frequency among the lowest in the industry

### May-December 2005

BP publishes initial and final findings of internal investigation of Texas City incident

**2006** Group operations risk committee is formed

**2007** Implementation of new operating management system begins

**2004** Introduction of new group-wide driving safety standard

**23 March 2005** Texas City refinery incident

**2006** Launch of group-wide safety and operations six-point plan

**January 2007** Baker Panel report published

**2007-2010** BP to invest an average of \$1.7 billion per year on integrity and reliability across US refineries

## Safety

[www.bp.com/safety](http://www.bp.com/safety)



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This section of the report reviews BP's 2006 performance with respect to safety. It focuses particularly on our response to the explosion and fire at the Texas City refinery in 2005 when 15 people lost their lives, an event that we regret deeply. This page provides an overview of activity in 2006, while the following pages explain our activities in more detail. Our approach has been to improve our existing process safety practices from the operational level upwards, not only prioritizing practical steps such as relocating staff and assessing plants for major accident risks but also working towards the long-term renewal of our safety systems and capabilities.

During 2006, we undertook specific investments and targeted programmes in response to the Texas City incident as well as building more comprehensive systems for managing process safety across the group.

We have always endeavoured to improve the quality of our operations and to mitigate the HSE risks associated with them, using a long-standing management system known as 'getting HSE right' (gHSEr). During 2006, we built on the learning from more recent incidents and industry best practice to develop a new operating management system (OMS) to achieve further improvements and reductions in risk. Our goals remain unchanged: no accidents, no harm to people and no damage to the environment.

The OMS is a comprehensive system that covers all aspects of our operations, including three dimensions of safety – personal safety, process safety and the environment. BP has a strong track record on the environment and personal safety, particularly the prevention of incidents such as falls and vehicle accidents, which may result in serious injuries and fatalities.

However, we recognize that we have more to do to achieve excellence in process safety, which includes preventing accidental releases of hazardous materials from industrial processes that can have catastrophic effects, such as fires, which may result in fatalities, injuries or environmental damage. This was one of the main findings of the BP US Refineries Independent Safety Review Panel under former US Secretary of State James A Baker, III, which reported in January 2007. The panel made 10 recommendations, all of which BP will implement, in areas ranging from leadership to performance indicators (*see page 11*).

During 2006, we continued with our programme of action at Texas City, expected to cost around \$1 billion over five years, and increased spending on integrity and reliability across our five US refineries (*see pages 12-13*).

Across BP, we have introduced a programme, known within the company as the six-point plan, covering such areas as major accident risk assessments, integrity and control of work standards and improving safety competencies (*see pages 12-13*). At the same time, we are building a stronger long-term system for managing process safety within the OMS, which brings together existing processes and supplements them where necessary. These actions are organized around three strategic themes: plant, process and people (*see pages 14-15*).

In the US, we expanded the responsibilities of the chairman and president of BP America Inc. to include monitoring of our US operations to ensure compliance with regulatory and company standards. We announced an external advisory board to provide advice on compliance, safety and regulatory affairs and appointed an independent ombudsperson to investigate concerns raised by employees and contractors in North America.

### Our personal safety record in 2006

In total, there were seven workforce fatalities in the course of BP's operations during 2006. In 2005, there were 27 fatalities. We deeply regret the loss of these lives. The 2006 figure has fallen to the lowest level in nearly 20 years of reporting. This includes a reduction in driving-related fatalities, which were 14 in 2003, to two in 2006 after we implemented our driving safety standard. In 2006, our reported recordable injury frequency fell to 0.47 per 200,000 hours worked – the lowest in our recorded history.

**Find out more:** [www.bp.com/personalsafety](http://www.bp.com/personalsafety)

**Contact details and acknowledgements**

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**Publications**

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*BP Annual Report and Accounts 2006*  
 gives details of our financial and operating performance.

2 [www.bp.com/annualreview](http://www.bp.com/annualreview)  
*BP Annual Review 2006* summarizes our financial and operating performance.

3 [www.bp.com/financialandoperating](http://www.bp.com/financialandoperating)  
*BP Financial and Operating Information 2002-2006* includes five-year financial and operating data.

4 [www.bp.com/statisticalreview](http://www.bp.com/statisticalreview)  
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